

AIRN LIQUIDATION TRUST CO. LLC
GLOBAL NOTES TO QUARTERLY REPORT REPORTING
PERIOD: APRIL 1, 2025 THROUGH JUNE 30, 2025

Summary

AIRN Liquidation Trust Co. LLC (the “Liquidation Trustee”) has filed the attached quarterly report in the United States Bankruptcy Court for the District of New Jersey (the “Court”) on behalf of AIRN Liquidation Trust (the “Liquidation Trust”) established under the First Amended Joint Chapter 11 Plan of Liquidation of National Realty Investment Advisors, LLC and its Affiliated Debtors, Case No. 22-14539 (the “Debtors” or “Bankruptcy Case”). The Liquidation Trust prepared the quarterly report with the assistance of other advisors and professionals retained by the Liquidation Trustee to assist with the Bankruptcy Case. The quarterly report was prepared in accordance with the Periodic Reporting requirements established by Section 4.8.1 of the Trust Agreement, affixed as Exhibit A to the Plan Supplement to the Joint Chapter 11 Plan of National Realty Investment Advisors, LLC (the “Plan Supplement”) [Docket No. 2732].¹ The quarterly report should not be relied upon by any persons for any information in connection with current or future financial conditions or events relating to the Liquidation Trust or its estate.

Periodic Reporting Requirements

Beginning the first quarter-end following the Effective Date and continuing each quarter-end thereafter until the Chapter 11 Cases are closed, within thirty (30) days after the end of such period, the Liquidation Trust shall file quarterly reports with the Bankruptcy Court. Each quarterly report shall contain a cash flow statement which shall show Distributions by Class during the prior quarter, an unaudited balance sheet, the terms of any settlement of an individual Claim in an amount greater than \$100,000, the terms of any litigation settlement where the Cause of Action or the Liquidation Trust Asset was greater than \$100,000 or the settlement is for more than \$100,000, the terms of any sale of Estate Assets where the proceeds of such sale are \$100,000 or greater, and such other information as the Liquidation Trust determines is material.

Disclaimer

The financial information contained in the quarterly report is preliminary, unaudited, limited in scope, and is not prepared in accordance with accounting principles generally accepted in the United States of America nor in accordance with other applicable non-bankruptcy law. In preparing the quarterly report, the Liquidation Trust relied on financial data from the books and records available to it at the time of such preparation, as well as certain filings on the docket in the Bankruptcy Case. Although the Liquidation Trust made commercially reasonable efforts to ensure the accuracy and completeness of the quarterly report, inadvertent errors or omissions may exist. The Liquidation Trust reserves the right to amend and supplement the quarterly report as may be necessary or appropriate.

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan.

QUARTERLY REPORT REQUIREMENTS:

Part 1: Cash Flow Statement

In Part 1 of the quarterly report, the Liquidation Trustee has provided a summary of cash receipts and disbursements for the period between April 1, 2025 and June 30, 2025. Cash receipts, net of reserves, totaled \$31.3 million and cash disbursements totaled \$10.7 million. *See Exhibit A.*

A 10% distribution of \$49.7 million was made in December 2024 to Contributing Investors that held Allowed Class 5 Claims. As of June 30, 2025, \$47.6 million of the \$49.7 million distribution had cleared the Trust's bank account. Class 5 Claims held by Non-Contributing Investors are Disputed Claims, and therefore the Liquidation Trustee has established a Distribution Reserve for those Disputed Claims in the amount of \$4.8 million, reflecting 10% of the proof of claim value of such Non-Contributing Investor Claims, as required by the Plan and applicable law. The Liquidation Trustee also established a Distribution Reserve for Disputed Administrative Expense, Priority, Class 1, Class 2, Class 3, and Class 4 Claims, as required by the Plan and applicable law.

Part 2: Consolidating Unaudited Balance Sheet

In Part 2 of the quarterly report, the Liquidation Trustee has provided a summary of the Trust's consolidating unaudited balance sheet for the period ending June 30, 2025. Note that the assets reflected on the consolidating unaudited balance sheet are at book value or cost and are not representative of the current fair value. The current value of the real estate assets may be materially different than the amounts reflected on the unaudited balance sheet. *See Exhibit B.*

Part 3: Settlements

In Part 3 of the quarterly report, the Liquidation Trustee has provided (a) the terms of any settlement of an individual Claim in an amount greater than \$100,000, (b) the terms of any litigation settlement where the Cause of Action or the Liquidation Trust Asset was greater than \$100,000 or the settlement was for more than \$100,000, and (c) any judgments entered and/or paid on any claims asserted by or against the Liquidation Trust.

(a) Claim Settlements

During the second quarter of 2025, Non-Contributing Investors holding five Class 5 Investor Claims in the aggregate amount of \$1.3 million became Contributing Investors by agreeing to the Contributing Investor Settlement. Investors with claims over \$100,000 are listed below:

Contributing Investor Name	Allowed Claim Amount
Bhoraniya, Chandulal J.	\$180,054.49
Shah, Prashant (MT)"Madison Trust Company FBO Prashant Shah" Roth	\$315,404.02
Shah, Prashant (Personal)	\$634,846.87

(b) Litigation Settlements

On May 8, 2025, the Liquidation Trustee entered into that certain First Amendment to Settlement Agreement and Release with Erik Weingold and Weingold Law PLLC to settle the Liquidation Trust's claims in exchange for a settlement payment of \$450,000. This amendment amended the original settlement agreement between the parties executed on March 24, 2025. The Liquidation Trust received the settlement payment on May 2, 2025, prior to the full execution of the First Amendment.

(c) Judgments

On May 15, 2025, the Court entered its decision and order [Dkt. No. 4161] equitably subordinating the section 502(h) claim filed by Media Effective, LLC and Javier Torres in the amount of \$4,985,820.95. Pursuant to the order, the Court subordinated the claim to Class 7 under the Plan, where it will only receive payment, if any, after Class 5 Investor Claims are satisfied in full.

Part 4: Sale of Estate Assets

In Part 4 of the quarterly report, the Liquidation Trustee has provided a summary of the status of Real Estate Assets, including any sales where the proceeds of such sale were \$100,000 or greater. See Exhibits C and D.

In the period between April 1, 2025, and June 30, 2025, there was one asset sale with net proceeds of \$3.9 million. See Exhibit D.

Part 5: Litigation

In Part 5 of the quarterly report, the Liquidation Trust has provided a chart identifying and summarizing the status of various pending actions filed by the Liquidation Trustee as of June 30, 2025. See Exhibit E.

In addition to the pending actions, the Liquidation Trust has engaged in pre-filing discussions with various other third parties regarding possible settlements of claims without the need or expense of litigation. The disclosure of any such discussions would be potentially prejudicial to the Liquidation Trust and is, therefore, not disclosed.

EXHIBIT A

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Cash Flow Statement
April 1, 2025 through June 30, 2025

RECEIPTS

Net Proceeds from Sale of Estate Assets	\$ 3,940,578
Proceeds from Litigation Recoveries, Net of Reserves	[A] 646,600
Net Reduction of Reserves from Prior Litigation Recoveries	[B] 23,492,027
Other Receipts, Net of Reserves	[C] 3,225,598
TOTAL RECEIPTS, NET OF RESERVES	\$ 31,304,802

DISBURSEMENTS

Cash Disbursements	
Real Estate Development and Carrying Costs	\$ 4,135,146
Trust Legal and Professional Fees	3,386,264
Administrative and Overhead Costs	777,571
Advisory Board, including Legal and Professional Fees	433,065
Payment of Non-Investor Creditor Claims	925,566
Payment of Investor Creditor Claims	[D] 594,573
Total Cash Disbursements	10,252,186
Non-Cash Securities Transferred	-
Increase in Interest Owed on Reserves from Prior Litigation Recoveries	[B] 488,751
Other Non-Cash Property Transferred	-
TOTAL DISBURSEMENTS	\$ 10,740,937

Notes:

[A] Amounts received from compromises or settlements of litigation or controverted claims, net of reserves under such compromises or settlements, under ancillary agreements, or otherwise determined to be prudent by the Liquidation Trustee. Refer to Global Notes for more information

[B] Relates to a reduction in net reserves required under agreements pertaining to compromises or settlements of litigation as determined by the Liquidation Trustee. Prior reporting netted the amounts shown above and titled as "Net Reduction of Reserves from Prior Litigation Recoveries" and "Increase in Interest Owed on Reserves from Prior Litigation Recoveries"

[C] Other receipts includes interest income, rental income, insurance recoveries, release of sales deposits and other miscellaneous refunds net of reserves.

[D] A 10% distribution, or approximately \$49.7 million, was made in December 2024 to Contributing Investors that held Class 5 Claims. "Payment of Investor Creditor Claims" represents the total amount of checks that have cleared the Trust's bank account during the period of April 1, 2025 through June 30, 2025.

EXHIBIT B

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Summary of Consolidating UNAUDITED Balance Sheet
As of June 30, 2025

		<u>June 30, 2025</u>
ASSETS		
Cash		
Cash		\$ 160,675,756
Cash Held in Escrow	[A]	<u>2,073,617</u>
Total Cash		162,749,373
Total Receivables	[B]	8,219,191
Total Book Value of Real Estate Investments	[C]	264,908,534
Total Other Assets		<u>537,467</u>
TOTAL ASSETS		<u>\$ 436,414,565</u>
LIABILITIES		
Post-Petition Liabilities		
Accounts Payable		\$ 1,500,000
Investor Distribution Payable	[A]	2,073,617
Contingent Amounts Payable	[D]	50,055,110
Post-Petition Mortgages		
4901 Bergenline		32,000,000
508 51st (Grand)		<u>15,028,318</u>
Total Post-Petition Mortgages	[E]	<u>47,028,318</u>
Total Post-Petition Liabilities		100,657,045
Pre-Petition Liabilities (Including Disputed Liabilities)		
Disputed Investor Claims	[F]	4,844,192
Admin Claims	[G]	-
Priority Claims	[G]	6,646,110
Secured Claims	[G]	1,349,582
Unsecured Claims	[G]	<u>54,795,983</u>
Total Pre-Petition Liabilities (Including Disputed Liabilities)		<u>67,635,867</u>
TOTAL LIABILITIES		<u>168,292,912</u>
EQUITY		
Pre-Petition Investor Equity		
Investor Contributions		697,997,198
Investor Distributions - Pre-Petition		(159,562,202)
Disallowed Rollover Bonuses/Phantom Equity		<u>(33,240,107)</u>
Pre-Petition Net Investor Equity	[H]	505,194,889
Post-Confirmation Investor Distributions		(47,641,459)
Historical Property Losses/Operating Expenses		<u>(189,431,778)</u>
TOTAL EQUITY	[I]	<u>268,121,652</u>
TOTAL LIABILITIES & EQUITY		<u>\$ 436,414,565</u>

EXHIBIT B

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Summary of Consolidating UNAUDITED Balance Sheet
As of June 30, 2025

Notes:

[A] A 10% distribution, or approximately \$49.7 million, was made in December 2024 to Contributing Investors that held Class 5 Claims. "Cash Held In Escrow" and "Investor Distribution Payable" amounts of approximately \$2.1M represent checks that have been sent to investors as part of the 10% distribution that have not cleared the Trust's bank account as of June 30, 2025.

[B] Reflected at book balances that have been carried over from NRIA, LLC. AIRN has not fully assessed and currently expresses no opinion with respect to the collectability of accounts receivable balances, some of which may be subject to potential litigation.

[C] Reflected at book value or cost. The values shown are not representative of the current fair value, and the current value of the real estate assets may be materially different than the amounts reflected herein. Please refer to the Disclosure Statement [Dkt. 2229] which estimated the potential net realizable value of remaining properties to be approximately \$168 million.

[D] Reserves required under agreements pertaining to compromises or settlements of litigation or controverted claims, under ancillary agreements and relating to compromises and settlements of litigation, or otherwise relating to compromises and settlements of litigation or controverted claims as determined to be prudent by the Liquidation Trustee.

[E] Includes refinanced mortgage with CRE3 WH, LLC with respect to 4901 Bergenline (Station) and new construction loan with ConnectOne Bank with respect to 508 51st (Grand).

[F] Reflects the reserve held for distributions owed to Non-Contributing Investors who do not yet have Allowed Claims and have not received the initial distribution.

[G] Pre-Petition Liabilities are Disputed and therefore, except with respect to Disputed Investor Claims, stated in their full proof of claim amount, subject to adjustment through the claims reconciliation process.

[H] The \$505 million of Net Investor Equity includes the \$515 million Net Investor Equity shown on the Investor Schedule [Dkt. 3256-3]. The difference between the Net Investor Equity shown above and the Investor Schedule is a direct result of certain investors receiving more than their original principal amount. All investors are reflected in this category, irrespective of the class that was marked on Proofs of Claim forms.

[I] This amount may be materially different from the amount available for distributions to investors largely due to: 1) the discrepancy between the book value or historical cost of real estate assets versus their fair value at the time of sale as well as any associated costs; and 2) the discrepancy between the full claim amounts of pre-petition liabilities versus what the Liquidation Trustee ultimately believes will be paid with respect to those claims.

EXHIBIT C

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Real Estate Investments
As of June 30, 2025

Property	Status
1300 Manhattan Ave, Union City NJ	Under Contract
The Station: 4901 Bergenline Ave, West New York, NJ	Completed: Units Leased
The Grand: 508 51st Street, West New York, NJ	Completed: Units Being Leased
1070 Del Harbour Delray Beach, FL	Completed: For Sale
1499 SCC Blvd., Philadelphia PA	Active Construction
2044 W First St, Fort Myers FL - Marina	Active Construction
511-513 52nd Street, West New York NJ	Active Construction
203-215 NE 3rd St, Fort Lauderdale FL	Pre-Development
200-210 NE 3rd St, Fort Lauderdale FL	Pre-Development
2044 W First St, Fort Myers FL - Upland	Pre-Development
6903-6909 Adams St, Guttenberg NJ	Pre-Development
1068 Del Harbour Delray Beach, FL	Sold
416-422 69th St, Guttenberg NJ	Sold
506 Henry Street, Brooklyn NY	Sold
124 North Croskey Street, Philadelphia, PA	Sold
511-521 Newark Ave, Hoboken NJ	Sold
1062 Del Harbour Delray Beach, FL	Sold
1064 Del Harbour Delray Beach, FL	Sold
1066 Del Harbour Delray Beach, FL	Sold
301 SE 1st St, Delray Beach, FL	Sold
931 Madison St, Hoboken, NJ	Sold
8709 River Rd, North Bergen, NJ	Sold
360 Main St. Hackensack, NJ	Sold
82 Osprey Court, Secaucus, NJ	Sold
494 7th Street, Unit 3 Brooklyn, NY	Sold

EXHIBIT D

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Sale of Estate Assets
April 1, 2025 through June 30, 2025

Date	Entity	Description	Net Proceeds
06/20/2025	Wright by the Sea 1901 Propco LLC	1068 Del Harbour Delray Beach, FL - Single Family Residence	\$ 3,940,578
		Total	<u>\$ 3,940,578</u>

EXHIBIT E

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Litigation Summary
As of June 30, 2025

Litigation	Status
Media Effective, <i>et al.</i> [Adv. Pro. No. 23-01335 (JKS)]	Judgment obtained in the amount of \$4.6 million with pre- and post-petition interest. Judgment paid. Liquidation Trustee has appealed the Bankruptcy Court's dismissal of aiding and abetting securities fraud claim.
S3 Bergenline Funding LLC and S3 Manhattan Funding LLC [Adv. Pro. No. 23-01169 (JKS)]	Settled for reductions in mortgage claims in the amounts of almost \$4 million (S3 Bergenline) and \$2.3 million (S3 Manhattan).
Joseph Cipolla, Cipolla & Co. LLC, <i>et al.</i> [Adv. Pro. No. 24-01097 (JKS)]	Cipolla filed amended answer and counterclaims. In discovery. Pretrial hearing scheduled for July 15, 2025.
Mona Shah, <i>et al.</i> [Adv. Pro. No. 23-01399 (JKS)]	In mediation.
Visions Federal Credit Union, <i>et al.</i> [Adv. Pro. No. 24-01024 (JKS)]	Settled.
Erik Weingold and Weingold Law PLLC [Adv. Pro. No. 24-01440 (JKS)]	Settled.
DMR Construction Services, Inc., <i>et al.</i> [Adv. Pro. No. 24-01447 (JKS)] [Adv. Pro. No. 24-01448 (JKS)] [Adv. Pro. No. 24-01449 (JKS)]	In mediation.
Echevarria/69th Street East, LLC [Adv. Pro. No. 24-01450 (JKS)]	In mediation.
Thomas N. Salzano, <i>et al.</i> [Adv. Pro. No. 24-01451 (JKS)]	Settled with various parties. In mediation with others.
Arleo & Donohue LLC [Adv. Pro. No. 24-01453 (JKS)]	Settled.
Krovatin Nau LLC [Adv. Pro. No. 24-01454 (JKS)]	Settled.
Michael Critchley & Associates, LLC, <i>et al.</i> [Adv. Pro. No. 24-01455 (JKS)]	In mediation.
WIPFLI LLP [Adv. Pro. No. 24-01456 (JKS)]	Amended complaint filed. Awaiting decision on WipFli motion to dismiss amended complaint.
Bethany Salzano, Kyle Stafirny, <i>et al.</i> [Adv. Pro. No. 24-01457 (JKS)]	In discovery.

EXHIBIT E

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Litigation Summary
As of June 30, 2025

Litigation	Status
Brian Harrington, <i>et al.</i> [Adv. Pro. No. 24-01458 (JKS)]	Multiple defendants in settlement discussions. Mediation contemplated with several defendants.
U.S. Construction, Inc., <i>et al.</i> [Adv. Pro. No. 23-01237 (JKS)]	In mediation with U.S. Construction, Inc., litigating with defendants Philip McFillin and associated companies. Liquidation Trust recently filed motion to dismiss counterclaims.
Thomas Nicholas Salzano, <i>et al.</i> [Adv. Pro. No. 23-01233 (JKS)]	Salzano defaulted. Settlement discussions underway with remaining defendants.
Rey Grabato, <i>et al.</i> [Adv. Pro. No. 22-01166 (JKS)]	Default judgment obtained against Salzano, Grabato, and Budinska.
Double Your Volume, LLC, <i>et al.</i> [Adv. Pro. No. 24-01452 (JKS)]	Settled.
Town of West New York [Adv. Pro. No. 24-01605 (JKS)]	Settled.
CMB Adams v. Adams St. Capital 6903 Propco LLC [Adv. Pro. No. 24-01628 (JKS)]	Settled.
Kevin Knipfing Living Trust [Adv. Pro. No. 25-01026 (JKS)]	Settled.
Van Duyne, Bruno & Co., P.A., <i>et al.</i> [Adv. Pro. No. 25-01114 (JKS)]	Complaint filed.
Alexander L. Wolf, <i>et al.</i> [Adv. Pro. No. 25-01136 (JKS)]	Complaint filed.
CMB 69, LLC v. Guttenberg Capital 416-22 69th Street Propco LLC, <i>et al.</i> [Adv. Pro. No. 25-1250 (JKS)]	Complaint filed against Guttenberg Capital 416-22 69th Street Propco LLC, AIRN Management, LLC, and AIRN Management Co. LLC (" <u>AIRN Management</u> ") in New Jersey state court. AIRN Management removed the litigation to the Bankruptcy Court and moved to dismiss.
Valley National Bank [Adv. Pro. No. 25-01237 (JKS)]	Complaint filed.
Deepit Anand, <i>et al.</i> [Adv. Pro. No. 24-01238 (JKS)]	Complaint filed.

EXHIBIT E

Liquidation Trust
In re: National Realty Investment Advisors, LLC (Case Number: 22-14539)
Litigation Summary
As of June 30, 2025

Litigation

Status

Bank of America, N.A.
[Adv. Pro. No. 25-1239 (JKS)]

Complaint filed.